

## CIPFA self-assessment of Good Practice – July 2016

Good practice questions		Yes	Partly	No	Comments	Actions
<b>Audit committee purpose and governance</b>						
1	Does the authority have a dedicated audit committee?	✓			A dedicated Audit Committee has been in place since 2006.	No action required
2	Does the audit committee report directly to full council? (Applicable to local government only.)			✓	<p>A periodic report on the committee's work is not submitted to Full Council.</p> <p>The Chair/Vice Chair did not consider that this would add value to work of the committee.</p> <p>However, if there are any matters considered by the Audit and Standards Committee that require a decision by Full Council, then a report is prepared and presented i.e. Report of Prudential Indicators and Treasury Management.</p>	No action proposed

Good practice questions		Yes	Partly	No	Comments	Actions
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?		✓		The present terms of reference do not fully set out the purpose of an Audit Committee as documented in CIPFA's Position Statement.	Amendments to the Committee's terms of reference to reflect CIPFA's Position Statement should be referred to the Council for approval.  The responsibility for and means of providing assurance on risk management to the Council and the public needs to be properly re-established and made clear in the revised terms of reference.
4	Is the role and purpose of the audit committee understood and accepted across the authority?		✓		The role and purpose of the Audit and Standards Committee forms part of member training. The standards element will be clearly understood arising from the Members' Code of Conduct. The financial and accounting aspects of the role are also likely to be known.  However, a broad understanding of the audit element may not be present.	The Head of Governance will provide further training concerning the audit element of the committee's role (governance, risk and control) as part of a wider session on committee roles and functions.
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓			The Audit Committee provides assurance on the adequacy of internal control, risk management and the integrity of financial reporting and the annual governance processes.	No action required

Good practice questions		Yes	Partly	No	Comments	Actions
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?		✓		<p>A review of effectiveness has been completed annually and where areas for improvement are identified, suitable improvement actions are put in place.</p> <p>In addition, CIPFA guidance suggests that the committee should be held to account by the council. The Chair/Vice Chair did not consider that this would add value to work of the committee.</p>	No action proposed
<b>Functions of the committee</b>						
7	<p>Do the committee's terms of reference explicitly address all the core areas identified in CIPFA'S Position Statement?</p> <ul style="list-style-type: none"> <li>• good governance</li> <li>• assurance framework</li> <li>• internal audit</li> <li>• external audit</li> <li>• financial reporting</li> <li>• risk management</li> <li>• value for money</li> <li>• counter-fraud and corruption</li> </ul>		✓		Although the current terms of reference do mention the core areas identified in CIPFA'S Position Statement, they are not always in the same context or to the same extent as the suggested core functions in the CIPFA guidance.	The Audit and Standards Committee's terms of reference will be compared to the core areas as identified in CIPFA's guidance. Any enhancements or changes suggested will be referred to the Council for addition into the terms of reference as required.
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓			The annual review of effectiveness gives the Audit Committee the opportunity to assess if it is fulfilling the terms of reference.	No action required

Good practice questions		Yes	Partly	No	Comments	Actions
9	<p>Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them:</p> <ul style="list-style-type: none"> <li>• Considering matters at the request of other committees and statutory officers</li> <li>• Supporting ethical values in support of the standards regime</li> <li>• Reviewing and monitoring treasury management</li> <li>• Providing oversight of other public reports such as the annual report</li> </ul>	✓			The Audit and Standards Committee either already does or would consider all of the wider areas identified in CIPFA's Position Statement. It also works to support ethical values through its standards work.	No action required
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	N/A			There have been no instances where coverage of core areas has been found to be limited.	No action required
11	Has the committee maintained its non-advising role by not taking on any decision-making powers that are not in line with its core purpose?	✓			The Committee's core purpose has been extended to encompass the area of standards, but it does not exercise decision making powers that are not documented within its terms of reference.	No action required

Good practice questions		Yes	Partly	No	Comments	Actions
<b>Membership and support</b>						
12	<p>Has an effective audit committee structure and composition of the committee been selected? This should include:</p> <ul style="list-style-type: none"> <li>▪ separation from the executive</li> <li>▪ an appropriate mix of knowledge and skills among the membership</li> <li>▪ a size of committee that is not unwieldy</li> <li>▪ where independent members are used, that they have been appointed using an appropriate process.</li> </ul>	N/A			<p>Fylde Council no longer has a Cabinet structure and, therefore, no split between executive and legislative functions. Functions are vested in the council itself, and then exercised by committees of the council. However, neither the Audit Committee Chair/Vice is the Chair/Vice of another programme committee. Also no other committee members have such roles.</p> <p>The appointment of independent members for the audit elements of the committee's work (governance, risk and control) is not mandatory, although some councils have chosen to recruit independent members for this purpose.</p>	No action required
13	Does the chair of the committee have appropriate knowledge and skills?	✓			The Chairman of the Audit and Standards was appointed in 2007, has held office continuously since, and has extensive knowledge and experience having previously worked as an internal auditor for a number of years.	No action required

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14	Are arrangements in place to support the committee with briefings and training?	✓			Audit committee members have received training on finance, external audit, internal audit, governance, risk management and corporate fraud. Members also attend a financial workshop on the annual statements of accounts, which is provided by finance and external audit. However, further training on the role of the audit committee and corporate fraud is to be arranged.	See actions 4 and 15 which address this issue
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			✓	<p>Members have completed Councillor Development Plans.</p> <p>The induction training for committee members in May 2015 covered the core areas of the knowledge and skills framework. On-going Audit Committee attendance will ensure members complete the work programme thereby continually enhancing their knowledge and skills.</p> <p>Also see comments and action relating to 4 above.</p>	A brief questionnaire will be developed and circulated to committee members for the purposes of identifying skills/knowledge gaps against the core knowledge and skills framework with any training needs addressed as part of the Member Development regime.

Good practice questions		Yes	Partly	No		
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	✓			The Audit and Standards Committee has good working relationships with all key officers, including external audit, internal audit and the chief financial officer.	No action required
17	Is adequate secretariat and administrative support to the committee provided?	✓			Secretariat and administrative support for the committee is good.	No action required
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			✓	The Committee has not obtained feedback on its performance from those interacting with it or relying on its work.	A brief questionnaire will be developed and sent to External Audit, Leader of the Council, Chief Executive, Director of Resources, Head of Governance and the Chief Financial Officer, seeking feedback on the performance of the Audit and Standards Committee.
19	Has the committee evaluated whether and how it is adding value to the organisation?	✓			An evaluation of whether the audit committee is adding value to the Council has been carried out and it has been assessed that this is the case.  A copy of the evaluation is attached for information.	No action required
20	Does the committee have an action plan to improve any areas of weakness?	✓			Any actions contained within this checklist will be formed into an action plan for improvement.	The Committee will adopt this action plan arising from the checklist to be implemented prior to the next annual review.